

Message Text

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PAGE 01 BUENOS 01620 061520Z
ACTION OES-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 ACDA-12 CIAE-00
INR-10 IO-13 L-03 NSAE-00 EB-08 NRC-05 SOE-02
DODE-00 DOE-11 SS-15 SP-02 CEQ-01 NSCE-00 SSO-00
INRE-00 DOEE-00 PM-05 OMB-01 TRSE-00 /118 W
-----125993 061524Z /45

O 061420Z MAR 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 4792
INFO AMEMBASSY VIENNA IMMEDIATE
AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L BUENOS AIRES 1620

USIAEA

E.O. 11652: GDS
TAGS: PARM, ENRG, AR, PE, IAEA
SUBJECT: U.S. FUEL FOR ARGENTINA REACTOR LOAN TO PERU

REF: (A) STATE 52896, (B) LIMA 1852, (C) BUENOS AIRES 1561,
(D) VIENNA 1773

1. SCIENCE COUNSELOR MET SATURDAY, MARCH 4, WITH ADMIRAL CASTRO MADERO, TO DISCUSS ARGENTINE SUGGESTED CHANGES TO PROPOSED NOTE ON "BUY BACK" PROVISIONS FOR U.S. FUEL LOAN TO PERU. JORGE COLL AND MARTINEZ FAVINI WERE ALSO PRESENT AT MEETING.

2. CASTRO MADERO SAID HE WOULD SUGGEST FOR U.S. GOVERNMENT REVIEW, THE FOLLOWING SENTENCE TO BE ADDED AT THE END OF THE FIRST PARAGRAPH, I.E. AFTER THE WORD "LOCATION." (REFTEL D.) "HOWEVER; IN THE CASE THAT THE AGREEMENT IS TERMINATED, THE GOVERNMENT OF THE UNITED STATES OF AMERICA WILL NOT INVOKE PURCHASING RIGHTS IF THE MATERIAL IS UNDER IAEA SAFEGUARDS."

3. CASTRO MADERO STATED THAT WITH THE ADDITION OF THIS SENTENCE
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THE NOTE IS THEN BROUGHT INTO LINE WITH THE U.S.-ARGENTINE AGREEMENT FOR COOPERATION. HE SAID THAT THEY ARE WORRIED PRIMARILY ABOUT THE WORDING IN THE PROPOSED NOTE WHERE IT STATES "IF AT ANY TIME FOLLOWING THE RETURN OF THE SUPPLIED MATERIAL TO ARGENTINA THE ARGENTINE-UNITED STATES AGREEMENT FOR COOPERATION IS TERMINATED FOR ANY REASON, "ETC." MARTINEZ FAVINI INDICATED THAT "ANY REASON" LEAVES ARGENTINE UNPROTECTED IF

THE U.S. DECIDES AT ANY TIME OR ANY REASON THAT THE AGREEMENT IS NO LONGER VALID. CASTRO MADERO STATED THAT HE CERTAINLY RECOGNIZES THE U.S. PROBLEM IN NOT WANTING TO HAVE THE MATERIAL DIVERTED TO IMPROPER USES AND HE AGREES. HOWEVER, IF THE MATERIAL IS UNDER INTERNATIONAL IAEA SAFEGUARDS, THEN THIS SHOULD SATISFY U.S. CONCERNS.

4. SCIENCE COUNSELOR SAID HE WOULD TRANSMIT THIS SUGGESTED CHANGE TO WASHINGTON AND VIENNA IMMEDIATELY; HOWEVER, IT SOMEWHAT CHANGES THE COMPLEXION OF THE "BUY BACK" PRINCIPLE AS STATED IN THE AGREEMENT. PERHAPS THE WORDING "ANY REASON" COULD BE ELABORATED TO INDICATE MORE CLEARLY THE CONDITIONS INVOLVED.

5. COMMENTS: CASTRO MADERO IS EXTREMELY ANXIOUS TO GET THIS ISSUE SOLVED AND HAVE THE SUPPLY AGREEMENT SIGNED. ARGENTINE PRESTIGE AS A NUCLEAR SUPPLIER IS ON THE LINE WITH THE PERUVIAN DEAL; AND THEY ARE ALREADY SLIPPING BEHIND IN THEIR DELIVERY SCHEDULE. WE FEEL THAT ARGENTINA IS MOVING TOWARD A FULL SCOPE SAFEGUARD ARRANGEMENT IN THE FUTURE AS AN INEVITABLE SITUATION FOR THEIR NUCLEAR POWER PROGRAM; AND THEIR PRESENT FEELING IS THIS WOULD AUTOMATICALLY PLACE THE U.S. FUEL UNDER SAFEGUARDS IF THE PRESENT U.S.-ARGENTINA AGREEMENT IS TERMINATED.
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Message Attributes

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